PRESTIGE ESTATES PROJECTS LTD.

PEPL Sales Booking in 2 qtr depressed compare to previous qtr: Sales Booked Residential during qtr 1.33 Mn sft declined 33% YOY & 19% QoQ, Sale value stands 673mn (1QFY13- 859mn) & In Commercial Booking stands at .29 Mn sft increased 113.5% YoY & decreased 24% QoQ, Sale value stands 143mn (1QFY13- 152mn).

Sale Booking guidance provided for current fiscal is of 2500Cr Out of which 1826Cr is achieved cumulatively upto 1HFY13. Management Guidence for the year is seems to be achievable.

Average Realization in residential segment were depressed marginally & stands INR 5060/sft (earlier- 5172/sft) due to depression in the realization of premium segment, however realization in mid income segment is marginally improved & increased to 4878/sft (earlier- 4596/sft). Realistion in commercial segment is increased gradually & stands around 4931/sft (earlier- 4000/sft).

Leasing Momentum stable- New Leasing Stood 0.54 Mn sft in 2QFY13 (earlier- 0.46 Mn sft). Leasing Guidence for complete year is of 2.5 Mn sft out of which 1 Mn sft is achieved till 1HFY13. Rental income was 509 Mn sft (up 32.21% YoY & 4.09% QoQ). Cash collection during the year is 505mn (up 55% YoY & 19% QoQ). Unrecognized Revenue also shows a increasing treand & in current quarter is jumped very sharply & stood 4794mn (earlier quarter- 4250) driven by by the healty launch of project during current fiscal. Huge Unrecognized revenue very clearly gives the visibility of future revenue. New launch during the quarter stands 6.26 Mn sft almost 3 times of previous qtr, & comprise of 4.29 Mn sft residential projects (4.43 Mn sft in banglore & .06 Mn sft in manglore), 1.64 Mn sft commercial projects (1.47 Mn sft in banglore & 0.17 Mn sft in cochin & one retail project of 0.12 Mn sft in cochin.

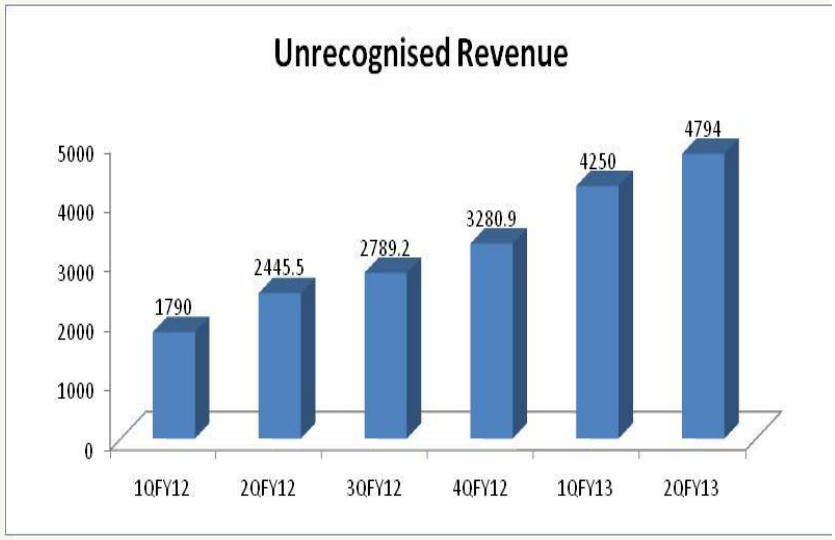
PEPL Rvenue shows a increasing treand & stood 241 Mn sft for current qtr (up 10% QoQ & 88% YoY) driven by the stronger revenue recognition, however other income reduced to 19 Cr from 27 Cr earlier.

Somewhat pressure is seen in Margins & Co EBITDA margin reduced by 430 bps QoQ & 870 bps YoY & Stands 35.3% for current qtr, due to increase in raw material cost, how ever others are in line with the historical treand. PAT margin is also under pressure & stood 17.5% (earlier- 20%). However in absolute term EBITDA Grown 48% YoY & (6)% QoQ and stand at 92 Cr, whereas PAT in absolute term stands at 46 Cr, having marginal downside of 7% QoQ but it increased 74 % YoY. Cost of debt of the company increased marginally by 6 bps and reached to 13.69%

The company currently have a diversified ongoing project portfolio of 29.52 Mn sft (prestige share) comprise of 18.19 Mn sft Residential, 7.73 Mn sft commercial, 2.27 Mn sft retail, 1.33 Mn sft hospitality. Upcoming project of he company is very strang and consist of 25.84 Mn sft comprise of 19.8 Mn sft residential, 4.66 Mn sft commercial, 1.24 Mn sft retail, & 0.14 Mn sft hospitality.

We have seen project volume growth of all majors reality companies; debt reduction plan and sustained realization. As the company is in line with all of its guidance & continuously improving its performance & in evidence of stronger launch, stronger revenue visibility We believe these events are likely to be thekey volumes / cash flow drivers for the company in FY13E/FY14E as existing projects are witnessing slowing volumes due to projects attaining mid-stage in its life cycle. We maintain 'BUY/Sector Performer'.

(Source: Eastwind)



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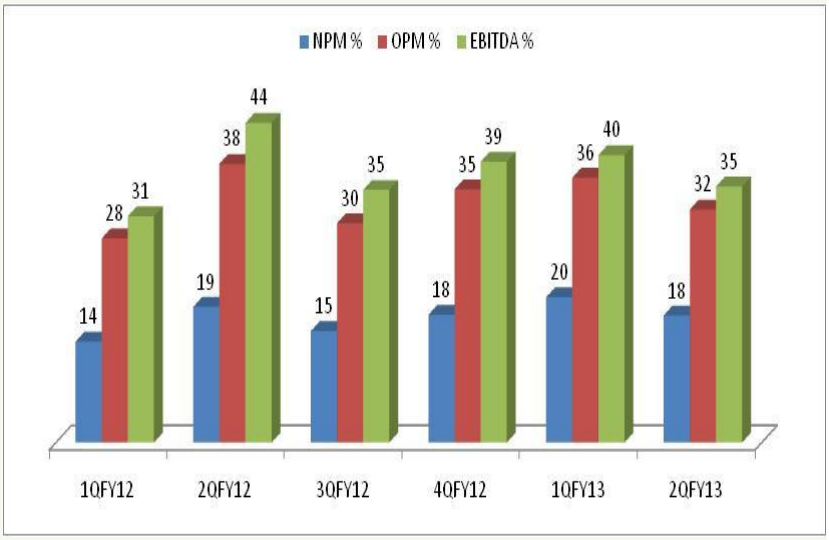

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